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ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

August 23, 2007

AUG 24 2007

Peggy L. Larsen
Verde West Irrigation
Post Office Box 744
Camp Verde, Arizona 86322

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RE: VERDE WEST IRRIGATION - APPLICATION FOR A RATE INCREASE, DOCKET NO. I-02274A-07-0357

SECOND LETTER OF DEFICIENCY

Dear Ms. Larsen:

In reference to your rate application received on June 7, 2007, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff found that your application was deficient on July 6, 2007. The Company submitted information in response to that letter. The information submitted did not sufficiently or completely address some of the deficiencies. The continued deficiencies are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and 16 copies of the corrected pages.

You have 15 calendar days, or until September 7, 2007, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application.

The staff person assigned to your application is Gary T McMurry. He can be reached at (602) 542-2044, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

Elijah Abinal
Assistant Director/Acting Chief Accountant
Regulatory Analysis Section
Utilities Division

CC: Docket Control Center (fifteen copies)
Vicki Wallace, Consumer Services
Delbert Smith, Engineering
Lyn Farmer, Hearing Division

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2007 AUG 24 A 10:25
AZ CORP COMMISSION
DOCKET CONTROL

Verde West Irrigation
Docket No. I-02274A-07-0357
Application for rate increase
Listed Deficiencies
June 7, 2007

1. The revenue generated by the billing determinants (page 9) does not reconcile to the income statement (page 19) as required. Specifically, the company provided breakdown of customers billed by lot size versus those billed by acre does not reconcile to the income statement.
2. The application does not contain a certificate of compliance letter of good standing from the Arizona Department of Revenue as required on page one.
3. Three asset classes: account No. 307 (Wells & Springs), account No. 330 (Distribution Reservoirs & Standpipes) or account No. 347 (Miscellaneous Equipment) are not being depreciated (page 15) as they should.